



MED
Power Board
MED Power Board
April 24, 2019, 9:30 am - 11:30 am
City Council Chambers

MINUTES and DOCUMENTS

MINUTES

MED

Power Board

MED Power Board

Wednesday, April 24, 2019, 9:30 am - 11:30 am

City Council Chambers

- A. Call To Order - Irene McDonald, Vice-Chair
- B. Regular Business
 - 1. Minutes
- C. Informational
 - 1. Financials - Lori Williams
 - 2. Disbursements - Lori Williams
 - 3. Uncollectable Accounts - Lori Williams
 - 4. Safety Loss Control Activities - PD Mynatt
 - 5. Material Purchases - PD Mynatt
 - 6. Fuel Cost Adjustment - PD Mynatt
- D. Reports
 - 1. General Manager Report - PD Mynatt
 - 2. HR Report - Gena Dix
 - 3. City Projects - Philip Lim
 - 4. Fiber Optics Strategic Report - Darren Gore, Chris Barns
- E. Action Items
 - 1. Proposed Budget FY 2020
 - 2. Rucker Lane Acquisition
 - 3. 2019 MTSU Scholarships
- F. Other

**REGULAR MEETING OF THE BOARD OF
MURFREESBORO ELECTRIC DEPARTMENT**

March 27, 2019

The Board of Murfreesboro Electric Department (MED) met in regular session at 9:30 a.m., Wednesday, March 27, 2019, in the City Council Chambers at 111 West Vine Street, Murfreesboro, Tennessee.

Members Present: Rick Hardesty, Chair
Irene Pitts-McDonald, Vice-Chair
Ross Bradley, Member

Members Absent: Richard Stone, Member
Rick LaLance, Member

Also present were P.D. Mynatt, General Manager; Lori Williams, Secretary-Treasurer; Craig Tindall, City Manager; and Adam Tucker, City Attorney.

Other MED staff members present were Philip Lim, Gena Dix, Daphnea Anderson, Chris Barns, and Lance Jones. Also present was Ronnie Martin, City Council Member.

Mr. Hardesty called the meeting to order.

Mr. Bradley made a MOTION to approve the minutes of the regular meeting held February 20, 2019. Ms. Pitts-McDonald SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Ms. Williams presented information on February 2019-2018 financial reports. A list of February 2019 disbursements totaling \$15,923,519.58 and a list of uncollectible accounts for February 2019 in the amount of \$9,546.23 were presented for review. Additional information showing uncollectable accounts and payments on uncollectable accounts for fiscal year 2019 was presented.

In Safety and Loss Control Activities, Mr. Mynatt reported there have not been any additional safety and loss accidents since the last meeting.

Mr. Mynatt reported February 2019 material purchases under \$25,000 of \$283,671.85, purchases between \$25,000 and \$50,000 of \$74,584.29, and transformers purchased under the TVA contract of \$99,530.00.

Mr. Mynatt also reported the April 2019 total monthly fuel cost will be 1.680 cents per kilowatt-hour for standard service customers, 1.643 cents per kilowatt-hour for large manufacturing customers, and 1.665 cents per kilowatt-hour for large general service customers. The overall system average fuel rate for April is approximately 10% lower than the three-year average April FCA primarily due expectations for higher hydro generation combined with mild weather and lower sales in February.

In the General Manager's Report, Mr. Mynatt reported that MED participated in the Chamber's Business Education Partners Mini-Masters fund raiser as a hole sponsor and two teams participating. MED received 1st place for hole design and Dustin Dagg won first place for best costume.

Mr. Mynatt reported that the remediation for the mold has been completed. Dow Smith has started working to repair the identified areas.

Mr. Mynatt reported that cashiers are printing key fobs for prepay customers and other customers who requested them.

Mr. Mynatt reported that MED hosted the NISC TVA Users' group meeting on March 21 at the Police Department's Community Room.

Mr. Mynatt reported that Osmose Utilities Services has completed the inspection and treatment of wooden poles. A total of 13,857 poles were inspected with a rejection rate of approximately 3.2% which is 442 poles. Of the 442 reject poles, 85 are deemed non-restorable, 319 are restorable or replaceable, and 38 are priority poles that must be replace within 90 days. MED has replaced 25 of the 38 priority poles. The total amount billed for this project is approximately \$287,000.

Mr. Mynatt reported that MED is migrating to Windows10 and onsite training was offered to employees for Windows10.

Mr. Mynatt reported that the IT Department had completed the Security Assessment with remediation pending.

Mr. Mynatt reported that Katie McKee and Adam Longstreth gave a presentation to Hobgood School third graders about alternative fuels and the geographic challenges that come with installing power. Ms. McKee also presented an Easy Energy Home Repair class at St. Clair's Senior Center and served as a judge for the 3rd Annual Rutherford County Schools STEM Expo.

Mr. Mynatt reported that MED has received the adapter brackets needed to replace the lighting on Medical Center Parkway. Crews will begin replacing these soon. The second shift is also repairing street lights on main thoroughfares.

Mr. Mynatt reported that all MED employees have completed CPR and First Aide training. Also, emergency supervisor training and a fire drill was held during March.

Mr. Mynatt reported that the 18th Annual Earth Day Celebration will be Saturday, April 27th. The theme this year is "S.O.S. – Save Our Species: Protect, Don't Neglect TN Wildlife."

Mr. Mynatt reported that Lineman Appreciation Day will be on April 18th at Uncle Bud's Restaurant.

Mr. Lim presented the list of City Projects. There were no new projects added this month. The joint project with the City and TDK Construction has been completed.

On the Fiber Committee, Mr. Barns reported that construction on the fiber project has been slow during the past month due to the weather. There will be a meeting on April 8th to evaluate the installation of fiber to buildings that may continue to use Comcast.

Ms. Williams presented a recommendation to retain Dempsey, Vantrease, and Follis, PLLC to perform the audit for fiscal year ending June 30, 2019. The estimated audit fee will be \$19,000.00 which is an increase of \$1,300.00 from last year. Ms. Pitts-McDonald made a MOTION to authorize Ms. Williams to execute the engagement letter form Dempsey, Vantrease, and Follis, PLLC to perform the audit fee for fiscal year ending June 30, 2019 for a fee of \$19,000.00. Mr. Bradley SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Mr. Mynatt presented a recommendation to adopt the Tennessee Valley Authority (TVA) Optional retail rate design. This rate design maintains our same rate structure and evenly spreads the wholesale Grid Access Charge (GAC) across all standard service rates. Mr. Mynatt presented a revenue neutral local rate adjustment (LRA) for October 1, 2019. The LRA would include an increase of \$2.50 to the Customer Charge for residential and a decrease in the kWh charge of 0.00206. This LRA will provide better alignment between wholesale and retail rates. It provides a proper pricing signal and matches revenues against costs. Ms. Pitts-McDonald made a MOTION to adopt the Optional retail rate design and to approve the local rate adjustment of a residential increase in Customer Charge of \$2.50 and a decrease in the kWh charge of 0.00206. Mr. Bradley SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Mr. Bradley made a MOTION to adjourn the meeting. Ms. Pitts-McDonald SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Secretary-Treasurer

Chair

Approved _____

**MURFREESBORO ELECTRIC DEPARTMENT
COMPARATIVE BALANCE SHEET**

ASSETS AND OTHER DEBITS	March	March	Increase/(Decrease)	
	2019	2018	Amount	Percent
UTILITY PLANT				
Electric Plant	225,183,129	217,793,081	7,390,048	3.39%
Less Depreciation	68,747,653	67,964,841	782,812	1.15%
Total	156,435,476	149,828,240	6,607,236	4.41%
Unamortized Acquisition Adj.	929,147	1,185,775	(256,628)	-21.64%
Total Plant - net	157,364,623	151,014,015	6,350,608	4.21%
OTHER PROPERTY & INVESTMENTS				
Sinking Funds	330,368	330,560	(192)	-0.06%
Other Special Funds	678,594	677,232	1,362	0.20%
Total	1,008,962	1,007,792	1,170	0.12%
CURRENT AND ACCRUED ASSETS				
Cash & Temporary Cash Investments	51,157,154	60,743,478	(9,586,324)	-15.78%
Accounts Receivable	11,656,324	11,699,843	(43,519)	-0.37%
Materials and Supplies	2,507,523	2,583,387	(75,864)	-2.94%
Prepayments	1,020,406	959,570	60,836	6.34%
Other Current Assets	2,737,850	2,806,904	(69,054)	-2.46%
Total	69,079,257	78,793,182	(9,713,925)	-12.33%
DEFERRED DEBITS				
Debt Expense	0	0	0	0.00%
Clearing Accounts	266,501	162,786	103,715	63.71%
Receivables-Conservation Loans	1,787,899	1,972,373	(184,474)	-9.35%
Other Deferred Debits	1,740,909	2,044,332	(303,423)	-14.84%
Total	3,795,309	4,179,491	(384,182)	-9.19%
TOTAL ASSETS & OTHER DEBITS	231,248,151	234,994,480	(3,746,329)	-1.59%
LIABILITIES AND OTHER CREDITS	March	March	Increase/(Decrease)	
	2019	2018	Amount	Percent
EARNINGS REINVESTED IN SYSTEM				
Beginning of Year	183,477,539	180,033,660	3,443,879	1.91%
Current Year to Date	5,452,391	6,954,543	(1,502,152)	-21.60%
Total	188,929,930	186,988,203	1,941,727	1.04%
LONG -TERM DEBT				
Bonds and Other Long -Term Debt	5,282,000	6,351,000	(1,069,000)	-16.83%
Debt Premium and Discount	26,000	38,000	(12,000)	-31.58%
Total	5,308,000	6,389,000	(1,081,000)	-16.92%
OTHER NON-CURRENT LIABILITIES				
Post Retirement Benefits	9,538,216	2,189,364	7,348,852	335.66%
Conservation Loans - TVA	1,833,796	2,041,678	(207,882)	-10.18%
Total	11,372,012	4,231,042	7,140,970	168.78%
CURRENT & ACCRUED LIABILITIES				
Accounts Payable	11,112,698	21,807,997	(10,695,299)	-49.04%
Customer Deposits	10,154,076	9,919,378	234,698	2.37%
Interest Accrued	12,033	15,533	(3,500)	-22.53%
Other Current Liabilities	2,093,655	2,159,075	(65,420)	-3.03%
Total	23,372,462	33,901,983	(10,529,521)	-31.06%
OTHER DEFERRED CREDITS	2,265,747	3,484,252	(1,218,505)	-34.97%
TOTAL LIABILITIES & OTHER CREDITS	231,248,151	234,994,480	(3,746,329)	-1.59%

**MURFREESBORO ELECTRIC DEPARTMENT
COMPARATIVE REVENUE AND EXPENSE STATEMENT**

	March 2019	March 2018	Increase(Decrease)		FYTD 2019	FYTD 2018	Increase(Decrease)	
			Amount	Percent			Amount	Percent
OPERATING REVENUE								
Electric Sales Revenue	13,412,016	12,561,453	850,563	6.77%	131,537,919	127,833,088	3,704,831	2.90%
Revenue from Late Payments	88,810	86,852	1,958	2.25%	841,144	899,827	(58,683)	-6.52%
Misc. Service Revenue	147,260	146,595	665	0.45%	1,465,685	1,375,698	89,987	6.54%
Rent from Electric Property	73,753	71,174	2,579	3.62%	655,147	644,687	10,460	1.62%
Other Electric Revenue	0	0	0	0.00%	0	0	0	0.00%
Total Operating Revenue	13,721,839	12,866,074	855,765	6.65%	134,499,895	130,753,300	3,746,595	2.87%
PURCHASED POWER								
	11,292,689	10,493,478	799,211	7.62%	110,003,443	106,289,823	3,713,620	3.49%
OPERATING EXPENSE								
Distribution Expense	300,053	195,910	104,143	53.16%	1,947,853	1,877,675	70,178	3.74%
Customer Accounts Expense	177,712	203,566	(25,854)	-12.70%	1,678,822	1,602,152	(76,670)	-4.56%
Customer Service & Info. Expense	19,414	10,121	9,293	91.82%	143,429	90,169	53,260	59.07%
Sales Expense	14,647	18,978	(4,331)	-22.82%	226,582	211,595	14,987	7.08%
Administrative & General Expense	247,768	416,063	(168,295)	-40.45%	4,160,146	3,016,560	1,143,586	37.91%
Total Operating Expense	759,594	844,638	(85,044)	-10.07%	8,056,832	6,798,151	1,258,681	18.52%
MAINTENANCE EXPENSE								
Distribution Expense	170,624	202,345	(31,721)	-15.68%	1,737,842	1,485,392	252,450	17.00%
Administrative & General Expense	26,743	25,212	1,531	6.07%	254,941	258,181	(3,240)	-1.25%
Total Maintenance Expense	197,367	227,557	(30,190)	-13.27%	1,992,783	1,743,573	249,210	14.29%
OTHER OPERATING EXPENSE								
Depreciation Expense	668,912	610,852	58,060	9.50%	5,894,729	5,460,094	434,635	7.96%
Amortization of Acquisition Adj.	8,334	16,085	(7,751)	-48.18%	173,033	144,765	28,268	19.53%
Taxes and Tax Equivalents	336,272	375,903	(39,631)	-10.54%	3,299,169	3,348,576	(49,407)	-1.47%
Total Other Operating Expense	1,013,518	1,002,840	10,678	1.06%	9,366,951	8,953,435	413,516	4.62%
TOTAL OPER EXP & PURCH PWR	13,263,168	12,568,513	694,655	5.53%	129,420,009	123,784,982	5,635,027	4.55%
INCOME								
Operating Income	458,671	297,561	161,110	54.14%	5,079,886	6,968,318	(1,888,432)	-27.10%
Other Income	104,161	9,548	94,613	990.92%	491,967	94,234	397,733	422.07%
Total Income	562,832	307,109	255,723	83.27%	5,571,853	7,062,552	(1,490,699)	-21.11%
Miscellaneous Income Deductions	0	0	0	0.00%	30,699	16,071	14,628	0.00%
Net Income Before Debt Exp	562,832	307,109	255,723	83.27%	5,541,154	7,046,481	(1,505,327)	-21.36%
DEBT EXPENSE								
Interest on Long Term Debt	10,368	11,639	(1,271)	-10.92%	91,903	95,106	(3,203)	-3.37%
Other Interest Expense	47	45	2	4.44%	416	388	28	7.22%
Amortization of Debt Discount & Exp.	605	605	0	0.00%	5,444	5,444	0	0.00%
Amortization of Premium on Debt	(1,000)	(1,000)	0	0.00%	(9,000)	(9,000)	0	0.00%
Total Debt Expense	10,020	11,289	(1,269)	-11.24%	88,763	91,938	(3,175)	-3.45%
NET INCOME	552,812	295,820	256,992	86.87%	5,452,391	6,954,543	(1,502,152)	-21.60%

MURFREESBORO ELECTRIC DEPARTMENT

STATISTICAL DATA

	MARCH 2018	MARCH 2018	INCREASE (DECREASE) AMOUNT PERCENT	
KWH PURCHASED	143,158,738	133,716,498	9,442,240	7.06%
KWH SOLD/USED	140,982,792	128,013,927	12,968,865	10.13%
COST PER KWH PURCHASED (CENTS)	7.89	7.85	0.04	0.51%

	FYTD 2018	FYTD 2018	INCREASE (DECREASE) AMOUNT PERCENT	
KWH PURCHASED	1,417,893,713	1,391,388,877	26,504,836	1.90%
KWH SOLD/USED	1,377,855,042	1,344,192,841	33,662,201	2.50%
COST PER KWH PURCHASED (CENTS)	7.76	7.64	0.12	1.57%

CUSTOMER DATA

	MARCH 2018	MARCH 2018	INCREASE (DECREASE) AMOUNT PERCENT	
RESIDENTIAL	58,014	55,780	2,234	4.01%
LESS THAN 50 KW	6,367	6,164	203	3.29%
GREATER THAN 50 KW	1,018	1,033	(15)	-1.45%
STREET AND ATHLETIC	150	141	9	6.38%
TOTAL CUSTOMERS	65,549	63,118	2,431	3.85%

FINANCIAL RATIOS

	MARCH 2018	MARCH 2018
CURRENT RATIO	2.96	2.33
ACID TEST	2.69	2.14
DEBT TO EQUITY RATIO	0.034	0.042

	MARCH 2018	MARCH 2018	FYTD 2018	FYTD 2018
OPERATING RATIO	89.28%	89.89%	89.25%	87.82%
NET INCOME(CENTS) / \$ OF REVENUE	4.03	2.30	4.06	5.32

DISBURSEMENTS & ACH TRANSFERS
MARCH 2019

VENDOR	DATE	AMOUNT	DESCRIPTION
MED - Deposit Refund Account	3/4/2019	\$15,209.22	Transfer Funds
MED - Sinking Fund	3/5/2019	\$33,008.33	Transfer Funds
MED - Deposit Refund Account	3/7/2019	\$18,835.24	Transfer Funds
MED - Payroll	3/8/2019	\$193,870.22	Employee Direct Deposit
MED - Payroll	3/8/2019	\$515.70	Transfer Funds to Flexible Reimbursement Account
MED - Deposit Refund Account	3/13/2019	\$25,387.20	Transfer Funds
MED - Deposit Refund Account	3/20/2019	\$15,455.24	Transfer Funds
MED - Payroll	3/22/2019	\$192,192.71	Employee Direct Deposit
MED - Payroll	3/22/2019	\$524.98	Transfer Funds to Flexible Reimbursement Account
MED - Deposit Refund Account	3/27/2019	\$17,046.16	Transfer Funds
Check Register		\$10,872,997.24	
Total		\$11,385,042.24	

**Bad Debt Analysis
For Fiscal Year 2019**

	Uncollectable Accounts	Payments Collected	Net Expense
July 2018	9,642.25	(6,285.33)	3,356.92
Aug 2018	16,181.95	(5,739.89)	10,442.06
Sept 2018	15,504.07	(6,018.02)	9,486.05
Oct 2018	24,686.95	(5,184.40)	19,502.55
Nov 2018	23,954.00	(5,282.84)	18,671.16
Dec 2018	23,203.37	(5,158.88)	18,044.49
Jan 2019	12,289.20	(5,695.72)	6,593.48
Feb 2019	9,546.23	(6,276.51)	3,269.72
March 2019	15,481.17	(8,408.83)	7,072.34
April 2019			
May 2019			
June 2019			
Totals	\$150,489.19	(\$54,050.42)	\$96,438.77

	Sales	Bad Debt to Sales
July 2018	17,223,921.50	0.0195%
Aug 2018	17,858,235.50	0.0585%
Sept 2018	14,158,535.13	0.0670%
Oct 2018	13,433,883.90	0.1452%
Nov 2018	13,207,095.41	0.1414%
Dec 2018	14,091,028.85	0.1281%
Jan 2019	15,469,241.07	0.0426%
Feb 2019	12,683,961.49	0.0258%
March 2019	13,412,015.96	0.0527%
April 2019		
May 2019		
June 2019		
Totals	\$131,537,918.81	0.0733%



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MEMORANDUM

TO: MED Power Board
FROM: Diane Simpkins, Director of Purchasing
DATE: Wednesday, April 17, 2019
RE: Material Purchases

PURCHASES UNDER \$25,000: **\$ 189,979.92**

PURCHASES BETWEEN \$25,000 - \$50,000:

PURCHASE ORDER #	VENDOR	ITEM	QUANTITY	AMOUNT	\$	-
TRANSFORMER PURCHASES FROM BLANKET:						
PURCHASE ORDER #	VENDOR	ITEM	QUANTITY	AMOUNT		
23203	Border States	25 KVA 1 PH PAD	5	\$ 6,260.00		
		50 KVA 1 PH PAD	10	\$ 14,220.00		
						\$ 20,480.00
		Grand Total				\$ 210,459.92

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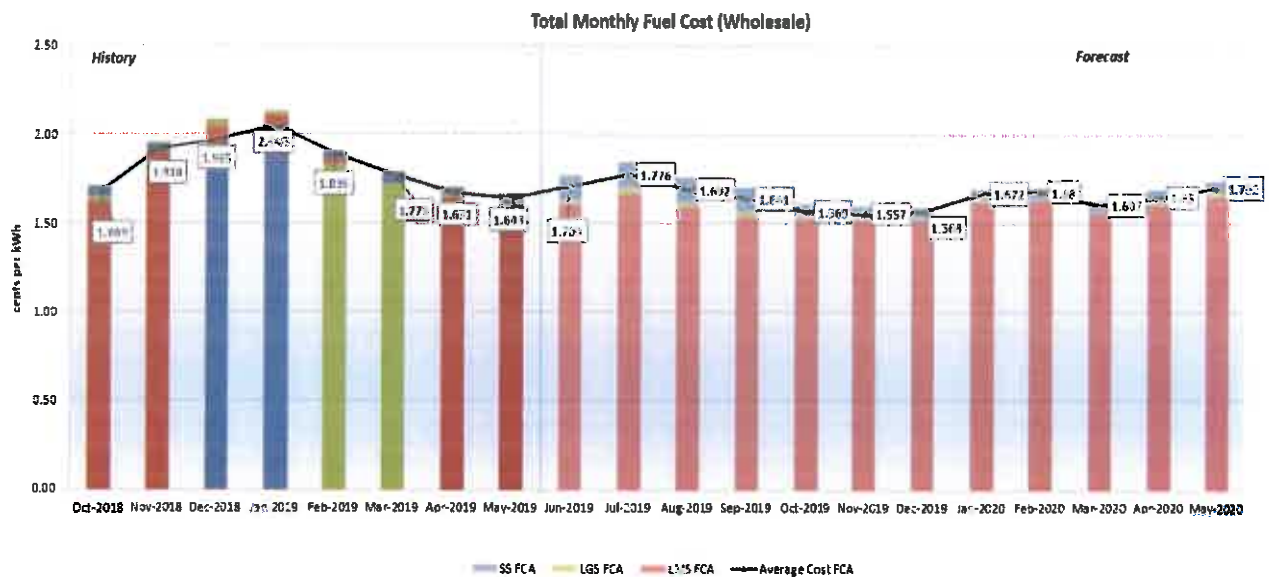
Total Monthly Fuel Cost Communication – May 2019

Total Monthly Fuel Cost – May 2019

The total monthly fuel cost will be 1.658 cents per kWh for Standard Service customers, 1.602 cents per kWh for Large Manufacturing customers, and 1.610 cents per kWh for Large General Service customers.

The overall system average fuel rate for May is approximately 10% lower than the three-year average May FCA. This is primarily due to expectations for higher hydro generation in May.

Total Monthly Fuel Cost Forecast: May 2019 to May 2020



	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Nov-2019	Dec-2019	Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020
LMS FCA	1.632	1.537	2.042	2.11	1.963	1.73	1.643	1.602	1.801	1.706	1.529	1.539	1.522	1.511	1.520	1.634	1.532	1.540	1.567	1.617
LGS FCA	1.645	1.543	2.042	2.11	1.963	1.719	1.665	1.61	1.801	1.706	1.529	1.539	1.522	1.511	1.520	1.634	1.532	1.540	1.567	1.617
SS FCA	1.604	1.51	1.944	2.020	1.939	1.791	1.68	1.554	1.74	1.806	1.721	1.905	1.083	1.573	1.583	1.606	1.605	1.621	1.605	1.717

The monthly fuel cost forecast represents current expectations and operational conditions and is subject to change at any time. Actual fuel cost amounts in future months are subject to considerable risks and could vary widely from the current forecast.



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April 24, 2018

Members of the Power Board:

I. The following items have been prepared for your **INFORMATION**.

POSITIONS BUDGETED FOR FY 2019

POSITIONS FILLED SINCE LAST BOARD MEETING:

TITLE	NEW/REPLACE	FILLED BY
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(some positions on are hold at this time but we have 3 that are now open due to essential needs)

POSITIONS BUDGETED OR OPEN FOR FY 2019:

TITLE	NEW/REPLACE	STATUS
Accountant	New – carryover budget	on hold
Accounting Summer College Intern	New	hired Kayla Reed p/t summer 5.8.18
Accounting Specialist	Replace Matt Hartquist 9.9.18	transferred Lisa Knight from IT 11.27.18
Cashier	Replace Tara Lowe 2.28.18	hired Ja’Nora Nance 7.1.18
Customer Service Representative	Replace David Galland 1.10.18	fall 2018 – OPEN due to another retirement
	Replace Norma Autry, retirement last day 5-22-19	
Director of Safety	Replace Steve Elgin 7.6.18	promoted Brian Sharp 7.16.18
Dispatch Center Manager	New	on hold
Dispatcher (3)	New	winter 2019 – on hold
Electrical Engineer	Replace Jimmy Nguyen 7.19.18	2019–Offer extended to Autumn Ferree
Engineering Technician	New – carryover budget	posted – on hold
Engineering – College Interns (3)	New	summer 2019
GIS Technician	New	posted – on hold
Groundman (2)	New	Justin West & Camden Edmonds 12.10.18
IT Systems Administrator	Replace Marc Peek in Oct.	posted – on hold
IT Technician	New	posted – OPEN due to p/t graduating
	Replace Peyton Ball, graduating last day 4-26-19	
Operations Engineer	New	posted – on hold
Operations Engineer Manager*	Replace Daniel Bailey 7.27.18	promoted Marc Peek 10.1.18
P/T HR Coordinator, College Intern	New	posted – on hold
P/T Marketing Coordinator	New	hired Kellie Matthews 8.13.18
Systems Analyst	Replace Lisa Knight 11.26.18	posted – on hold
Night Shift Serviceman/Lineman	Replace Alan Ayers, retirement last day 4-19-19	posting – OPEN

POSITIONS CHANGED YTD:

TITLE	STATUS/REASON
Assistant Safety Director	Eliminated when Asst. promoted to Director
Substation Electrician	Eliminated position upon retirement
Assistant Operations Director	*Changed title to Operations Engineer Manager to be more consistent
Dispatch Center Manager	Added Manager level to build and train 24/7 Dispatch team
SCADA/AMI Operations Specialist	12/1/18 change from Level 8 to Level 9 due to skill level and demand

Respectfully presented,

Gena S. Dix

Director of Human Resources

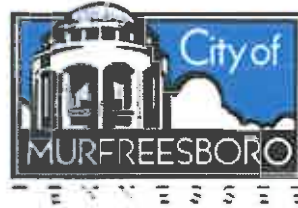
City Projects - 4/15/2019

Primary	Street	Amount of Aid to Construction	Status	Status Notes	Additional Notes
DeJarnette Lane Airport Project	DeJarnette Ln.	\$276,100.00	MED Construction	Vaults on construction relocated.	Aid to Construction Field
Jones Blvd	Ridgely Rd to N. Northfield Blvd	Design Not Finalized.	Preliminary design.		Waiting on SEC Inc. for finalized roadway plans.
Kingdom Drive Bridge	Kingdom Dr.	No Aid to Construction	Ready for MED Construction	Streetlights Installed.	Conduits & Vaults installed.
Lytle St Phase 2	N Walnut St to Barker St	In Progress	MED Construction Complete	Communication to be Removed to Pull Poles	4 Poles Removed.
McKnight Park Maintenance Building	Memorial and DeJarnette	\$1,475.00	Design complete.	Waiting on aid to construction.	Single Phase
Middle Tennessee Blvd	Middle Tennessee Blvd	In Progress	MED Construction		Installing Streetlights.
Northfield Blvd Phase 1	Northfield Blvd		Contractor construction.		Design Finalized.
Old Fort Park Maintenance Building	Old Fort Park	\$1,800.00	Design complete.	Waiting on aid to construction.	As of right now single phase
Perfino Drive Bridge	Perfino Dr.	No Aid to Construction	Contractor construction.	Primary Conduits installed.	
Rucker Ln	Rucker Ln	No Aid to Construction	Design complete.		Waiting on road project to begin.
Southwest Elementary	St. Andrews Dr	Contractor Construction	Project Complete	Water Set	
SR-99	Bradyville Pike	Design Not Finalized.	Preliminary design.		Waiting on Neal-Scheefer for finalized roadway plans.
Airport Terminal	Airport Rd	\$10,000.00	Preliminary design.	energized Temporary Service	

4/12/2019

Fiber Dashboard - Smartsheet.com

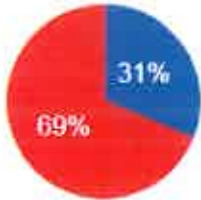
MURFREESBORO
ELECTRIC
D E P A R T M E N T



\$64,986.94
Total Project Cost

32
Active Projects

● Fiber Backbone Connection
● Fiber Extension



16
Under Construction

0
Project Complete


Construction Report


Completed Report

Fiber Summary - Fiber Projects (Construction)



Agency	Street Address	Project Type	MED Status	MED Work	MED WORK Project Cost	Notes - Bond
1 Benfield Park Main Office	697 Veterans Pkwy	Fiber Backbone Connection	Under construction.	118727	\$0.00	
2 Cannonsburgh Village	312 S Front St	Fiber Backbone Connection	Under construction.	118875	\$10,067.80	Fiber installed inside building.
3 City Hall	111 W Vine St	Fiber Extension	Under construction.	118767	\$23,175.48	Fiber installed outside building.
4 City Training	W Main St	Fiber Extension	Under construction.	119447	n/a	Part of Street Department extension.
5 Fire Administration	NW Broad St	Fiber Extension	Under construction.	118767	n/a	Part of City Hall extension.
6 Fire Station 10	2563 Veterans Pkwy	Fiber Backbone Connection	Under construction.	118683	\$0.00	
7 Fire Station 2	2880 Runnymede Dr	Fiber Backbone Connection	Under construction.	118832	\$344.25	Fiber installed outside building.
8 Fire Station 9	802 Cason Ln	Fiber Backbone Connection	Under construction.	113795	\$0.00	
9 McFadden Community Center	211 Bridge Ave	Fiber Extension	Under construction.	119415	\$10,491.11	Fiber installed outside building.
10 MWRD Administration	NW Broad St	Fiber Extension	Under construction.	118767	n/a	Part of City Hall extension.
11 MWRD Engineering Annex	NW Broad St	Fiber Extension	Under construction.	118767	n/a	Part of City Hall extension.
12 MWRD Mill & Water Tower	405 Mill St	Fiber Extension	Under construction.	119351	\$13,265.25	Fiber installed outside building.
13 MWRD Operations & Maintenance	1725 S Church St	Fiber Extension	Under construction.	119277	\$330.82	Fiber installed outside building.
14 MWRD Stoney Meadow Water Tower	2003 Stoney Meadow Dr	Fiber Extension	Under construction.	118789	\$0.00	
15 Police Special Operations Unit	906 Industrial Drive	Fiber Backbone Connection	Under construction.	119330	\$5,709.51	Fiber installed inside building.
16 Street Department	620 W Main St	Fiber Extension	Under construction.	119447	\$1,602.71	Fiber installed outside building.



Proposed Budget

FY 2020



4/11/2019

To be Presented to Power Board 4/24/2019

**Murfreesboro Electric Department
Budget Assumptions
Fiscal Year 2020**

Revenue and Expense Statement Forecast:

Purchased Power – This number is calculated by taking the monthly average of 2015-2018 demand and energy purchased and increasing that number for growth by 2 percent. MED has assumed a 1 1/2 percent increase to base power rates beginning in October 2019 in conjunction with TVA Wholesale Rate Change effects.

Electric Sales Revenue – Forecasted based on 83.5 percent Revenue less Power Cost for FY2020. This assumes a revenue neutral pass through of TVA's wholesale rate increase to retail rates.

Revenue from Late Payments – Projected as a percentage of Electric Sales Revenue based on most recent three years' history – approximately .7 percent.

Miscellaneous Service Revenue – Based on most recent twelve month history increased for growth by 3 percent.

Rent from Electric Property – Based on most recent pole count and rate adjustment in January 2020.

Operation and Maintenance Expenses:

Operation and Maintenance Expenses – Based on historical data assuming a 3 percent increase in labor costs and a 2 percent increase in materials and transportation cost.

Distribution Expenses – Includes positions for Engineering Technician, Operations Engineer, and four Control Center Operators which were included in FY2019 budget, but positions were not filled.

Administrative and General Expenses – Includes additional positions for System Technician, GIS Technician, additional employee training and additional consultants.

Other Operating Expenses:

Depreciation Expense – Based on depreciation rates applied to best estimate of projected electric plant values.

Amortization of Acquisition Adjustments – Calculated based on 10 year lost revenue payments of unamortized acquisition adjustments.

Taxes and Tax Equivalents – Payroll taxes based on assuming a 3 percent increase in labor costs. Tax equivalents are based on projection of June 30, 2019 plant values and three-year average revenue less power cost.

Debt Expense:

Interest on Long Term Debt – Based on actual for outstanding revenue bonds and estimated based on historical rates for Tennessee Municipal Bond Fund (TMBF) variable rate loan.

Capital Budget and Financing Activities:

Capital Projects and Equipment were determined by senior staff and reviewed by General Manager. Financing Activities are based on actual maturities.

**MURFREESBORO ELECTRIC DEPARTMENT
STATEMENT OF CASH FLOW
FISCAL YEAR 2020**

Sources of Funds:

Net Income from Operations (before transfers)	\$ 9,636,034
Adjustments to Reconcile Net Income to Net Cash:	
Depreciation	8,400,000
Amortization of Acquisition Adjustment	198,000
Amortization of Debt Expense	(4,741)
	\$ 8,593,259
Contribution in Aid of Construction	1,250,000
Reimbursements for Damages	250,000
Total Source of Funds	\$ 19,729,293

Use of Funds:

Capital Expenditures:	
Capital Projects	15,900,000
Transportation Equipment	410,000
Meters and Transformers	2,645,000
SCADA/Substations	2,910,000
Information Technology	1,025,000
	\$ 22,890,000
Financing Activities:	
Payment of Principal on Long Term Debt	1,163,000
Payment of Plant Purchased from MTEMC	127,250
	\$ 1,290,250
Transfers to Other Funds - Tax Equivalent to City of Murfreesboro	3,400,000
Contingency - Storms, Growth	2,000,000
Total Use of Funds	\$ 29,580,250
Increase/(Decrease) in Cash and Temporary Investments	(\$9,850,957)

MURFREESBORO ELECTRIC DEPARTMENT
REVENUE AND EXPENSE STATEMENT FORECAST
FISCAL YEAR 2020

REVENUE AND EXPENSE STATEMENT	FY2015	FY2016	FY2017	FY2018	Budget FY2019	Projected FY2019	Budget FY2020
OPERATING REVENUE							
Electric sales revenue.....	162,349,177	158,441,933	165,440,201	170,162,410	176,570,366	175,383,892	176,659,239
Revenue from late payments.....	1,167,686	1,078,875	1,090,014	1,141,962	1,235,993	1,121,525	1,236,614
Miscellaneous service revenue.....	1,632,738	1,682,195	1,780,594	1,876,968	1,925,977	1,554,247	2,015,000
Rent from electric property.....	774,433	750,454	817,046	877,704	950,000	873,529	880,000
Other electric revenue.....	0	0	0	0	0	0	0
Total operating revenue.....	165,924,033	161,953,457	169,127,855	174,059,044	180,682,336	179,333,193	180,790,853
PURCHASED POWER							
	132,323,421	129,160,359	137,848,002	140,599,718	147,436,256	146,671,257	147,510,465
OPERATION EXPENSE							
Transmission expense.....							
Distribution expense.....	2,180,154	2,435,539	2,382,042	2,635,556	3,014,350	2,597,137	3,221,395
Customer accounts expense.....	1,945,577	2,229,396	2,061,410	2,090,536	2,645,250	2,105,096	2,352,700
Customer service and informational expense.....	11,295	87,801	106,022	131,628	164,600	191,239	196,550
Sales expense.....	168,430	219,331	246,042	265,630	316,600	302,109	366,800
Administrative and general expense.....	4,028,651	3,583,561	4,136,509	4,206,707	5,048,750	5,546,861	5,818,250
Operation expense.....	8,334,108	8,555,628	8,932,025	9,330,057	11,189,550	10,742,442	11,955,695
MAINTENANCE EXPENSE							
Transmission expense.....							
Distribution expense.....	1,963,567	1,633,067	1,979,078	2,077,495	2,369,425	2,317,123	2,198,950
Administrative and general expense.....	281,230	348,587	323,789	314,064	377,400	339,921	360,000
Maintenance expense.....	2,244,797	2,001,654	2,302,867	2,386,559	2,746,825	2,657,044	2,558,950
OTHER OPERATING EXPENSE							
Depreciation expense.....	6,251,936	6,623,060	6,918,244	7,306,482	7,500,000	7,910,730	8,400,000
Amortization of acquisition adjustment.....	166,771	179,928	191,238	247,048	253,200	222,542	198,000
Taxes and tax equivalents.....	1,258,664	1,329,842	1,292,653	1,329,386	1,360,000	1,388,400	1,400,000
Transfers to other funds.....	3,120,100	3,259,859	3,124,547	3,147,660	3,200,000	3,010,519	3,400,000
Other operating expense.....	10,797,470	11,392,689	11,526,682	12,030,576	12,313,200	12,532,191	13,398,000
TOTAL OPERATING EXPENSE AND PURCHASED POWER.....	153,699,795	151,110,330	160,609,576	164,346,910	173,685,831	172,602,934	175,423,110
INCOME							
Operating income.....	12,224,238	10,843,127	8,518,279	9,712,134	6,996,505	6,730,259	5,367,743
Other income.....	85,729	106,127	441,749	124,658	105,000	635,956	1,140,000
Total income.....	12,309,967	10,949,254	8,960,028	9,836,792	7,101,505	7,366,215	6,507,743
Miscellaneous income deductions.....	326	7,325	14,865	26,098	18,000	32,000	35,000
Net total income before debt expense.....	12,309,641	10,941,929	8,945,163	9,810,694	7,083,505	7,334,215	6,472,743
DEBT EXPENSE							
Interest on long-term debt - other.....	116,871	108,217	126,918	129,872	138,100	122,537	120,850
Other interest expense.....	73,213	80,938	458	523	500	555	500
Amortization expense.....	86,955	(4,741)	(4,740)	(4,741)	(4,741)	(4,741)	(4,741)
Total debt expense.....	277,039	184,414	122,636	125,655	133,859	118,351	116,709
NET INCOME							
Net income before extraordinary items.....	12,032,602	10,757,515	8,822,527	9,685,039	6,949,646	7,235,864	6,356,034
Extraordinary items.....							
Net income.....	12,032,602	10,757,515	8,822,527	9,685,039	6,949,646	7,235,864	6,356,034

**MURFREESBORO ELECTRIC DEPARTMENT
PAYROLL BY DEPARTMENT
FISCAL YEAR 2020**

	Total Employees	Total Regular Rate	Total Overtime Payroll	Total Double-Time Payroll	Gross
Executive / Administrative / Safety	5	\$ 500,000.00			\$ 500,000.00
Board of Directors	5	\$ 18,000.00			\$ 18,000.00
Accounting	7	\$ 495,000.00			\$ 495,000.00
Customer Accounting	7	\$ 365,000.00	\$ 4,000.00		\$ 369,000.00
Customer Service	10	\$ 475,000.00	\$ 3,000.00		\$ 478,000.00
Engineering	12	\$ 690,000.00	\$ 250.00		\$ 690,250.00
Information Technology	7	\$ 450,000.00	\$ 2,500.00		\$ 452,500.00
Marketing	4	\$ 245,000.00	\$ 750.00		\$ 245,750.00
Meter Dept.	5	\$ 402,000.00	\$ 15,000.00		\$ 417,000.00
Operations (Crews)	33	\$ 2,855,000.00	\$ 450,000.00	\$ 85,000.00	\$ 3,390,000.00
Operations (Office)	11	\$ 720,000.00	\$ 5,000.00		\$ 725,000.00
Warehouse	4	\$ 225,000.00	\$ 12,500.00	\$ 2,000.00	\$ 239,500.00
Grand Total	110	\$ 7,440,000.00	\$ 493,000.00	\$ 87,000.00	\$ 8,020,000.00

Total employees includes full and part time employees.

**MURFREESBORO ELECTRIC DEPARTMENT
CONTRACT LABOR
FISCAL YEAR 2019**

William E. Groves Construction Electric Transmission, Distribution, & Fiber Optic Facilities Maintenance and Construction	\$ 2,850,000
Asplundh Tree Expert Company Electric System Right of Way/Easement Maintenance	\$ 715,000
Baker Construction Excavation, Installation of Underground Electrical Services	\$ 600,000
USIC, Inc. Underground Locates	<u>\$ 250,000</u>
TOTAL CONTRACT LABOR	\$ 4,415,000

**MURFREESBORO ELECTRIC DEPARTMENT
CAPITAL BUDGET
FISCAL YEAR 2020**

Capital Improvement Projects	Amount
Fiber Network	\$ 1,000,000.00
Joe B. Jackson Parkway - Amazon to I-24	\$ 500,000.00
Rucker Lane - Take over from Middle Tennessee Electric Membership Corporation	\$ 650,000.00
Veterans Parkway Circuit - Veterans Parkway to Franklin Road	\$ 2,000,000.00
Warrior Drive Underground - TVA Crossing	\$ 750,000.00
New Development and Maintenance Projects	\$ 1,000,000.00
	<hr/>
	\$ 5,900,000.00

Transportation Equipment	Amount
Replace M-60 - 55' Material Handling Bucket Truck	\$ 240,000.00
Replace M-70 - 41' Substation Bucket Truck	\$ 150,000.00
Equipment Trailers - (2)	\$ 20,000.00
	<hr/>
	\$ 410,000.00

Meters and Transformers	Amount
Transformers and Circuit Breakers	\$ 1,500,000.00
Meters	\$ 1,000,000.00
Instrument Transformers	\$ 35,000.00
Metering Equipment - Bands, Seals and Three Phase Meter Bases	\$ 25,000.00
TWACS Backup Server	\$ 85,000.00
	<hr/>
	\$ 2,645,000.00

SCADA/Substations**Amount**

Capacitor Bank Controls	\$ 100,000.00
Security Cameras and Access Controls	\$ 50,000.00
Oil Containment and Mitigation Project	\$ 80,000.00
Pitts Lane Transformer Replacement	\$ 2,500,000.00
SCADA Master Upgrade	\$ 180,000.00
	<hr/>
	\$ 2,910,000.00

Information Technology**Amount**

Computer and Software Replacements and Upgrades	\$ 150,000.00
Replace Phone System	\$ 30,000.00
Carousel Digital Signage	\$ 30,000.00
Construct Disaster Recovery Site	\$ 250,000.00
Clearion Right of Way Software	\$ 25,000.00
Substation Cyber Security Equipment	\$ 500,000.00
SCADA Servers and Software Project	\$ 40,000.00
	<hr/>
	\$ 1,025,000.00

Financing Activities**Amount**

<u>Payment of Principal on Long Term Debt</u>	
Electric System Revenue and Tax Refunding Bonds, Series 2009	\$ 370,000.00
TMBF Adjustable Rate Tennessee County Loan Pool, Series 2006	\$ 793,000.00
<u>Payment of Plant Purchased from MTEMC</u>	\$ 127,250.00
Various purchases from 2007 to 2015	
	<hr/>
	\$ 1,290,250.00

TOTAL CAPITAL BUDGET

\$ 24,180,250.00

**MURFREESBORO ELECTRIC DEPARTMENT
SUMMARY OF LONG-TERM DEBT PAYABLE**

	Electric System Revenue and Tax Refunding Bonds, Series 2009		TMBF ADJUSTABLE RATE TENNESSEE COUNTY LOAN POOL, SERIES 2006		
CALENDAR YEAR	MATURITIES	INTEREST RATE	MATURITIES	INTEREST RATE	TOTAL MATURITIES
2020	\$ 370,000.00	3.250%	\$ 793,000.00	Variable	\$ 1,163,000.00
2021	\$ 380,000.00	3.375%	\$ 832,000.00	Variable	\$ 1,212,000.00
2022			\$ 874,000.00	Variable	\$ 874,000.00
2023			\$ 918,000.00	Variable	\$ 918,000.00
OUTSTANDING	\$ 750,000.00		\$ 3,417,000.00		\$ 4,167,000.00

Murfreesboro Electric Department
Commercial Insurance
July 1, 2019 - June 30, 2020

<u>Type of Coverage</u>	<u>Insurer</u>	<u>Limit of Liability</u>	<u>Annual Premium</u>
Workers' Compensation (Includes Terrorism Coverage)	DIC	Statutory	\$120,018
General Liability	DIC	\$250,000	\$78,683
	Chubb	\$750,000	\$24,393
Pollution Liability (Includes Terrorism Coverage)	DIC / Illinois Union	\$1,000,000	\$2,635
Automobile Liability & Physical Damage (Includes Terrorism Coverage)	Chubb	\$1,000,000	\$22,930
		Actual Cash Value	\$7,952
Umbrella Liability	North River	\$5,000,000	\$61,127
Property	Affiliated FM	\$80,444,402	\$149,559
Equipment Breakdown (Includes Terrorism Coverage)	Hartford Steam Boiler	\$50,000,000	\$187,354
Commercial Crime	Travelers	\$500,000	\$1,941
Public Officials & Employees Liability, including Employment Practices Liability	Chubb	\$5,000,000	\$48,944
Fiduciary Liability	Chubb	\$1,000,000	
Cyber and Privacy Protection	Lloyd's	\$2,000,000	\$29,000
General Liability Terrorism Coverage	DIC/Chubb		\$3,092
Umbrella Liability Terrorism Coverage	North River		\$4,660
Property Terrorism Coverage	Affiliated FM		\$4,314
			\$746,602



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P.O. Box 9
Murfreesboro, TN 37133-0009
Office: 615-893-5514
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www.MurfreesboroElectric.com

MEMORANDUM

To: MED Power Board
Date: April 17, 2019
Subject: Rucker Lane Acquisition

Background

MED and MTEMC have been made aware of an upcoming City of Murfreesboro road project to make improvements to Rucker Lane. MED and MTEMC serve the electric customers along Rucker Lane from two separate power lines. MTEMC's engineering staff has determined that significant right-of-way issues will need to be resolved to maintain service to their members. The time involved to work out these issues through the condemnation process will be extensive and will likely impact the City's schedule for the road project. It is also likely there would be negative public reaction to the tree removals required to facilitate MTEMC's line relocation.

It seems the best solution is for MED to take over electric service to all customers served along and off Rucker Lane. This would involve the transfer of about 383 MTEMC customers to MED. These locations are not annexed into the City, but they are surrounded by locations that have been annexed. There is no system related need for MTEMC to have any facilities along Rucker Lane going forward and this transfer of customers to MED will allow for significant clean-up of the electrical facilities in this area.

The MTEMC Board of Directors approved this request for the transfer of members to MED at its March 27, 2019 meeting.

Financial Impact

MED is budgeting \$650,000 in FY2020 for improvements to Rucker Lane for this road project and the takeover of the 383 MTEMC customers. MED will not be required to purchase any MTEMC facilities or make any lost revenue payments to MTEMC for the transfer of customers. Revenue less power cost for 10 years is estimated at \$1.14 million for these customers.

Recommendation

Both systems have discussed this issue from an engineering perspective and agree this is the best long-term system solution for the area. I recommend approval of the transfer.

A handwritten signature in black ink that reads "P. D. Mynatt".

P. D. Mynatt, General Manager



205 N Walnut St
P.O. Box 9
Murfreesboro, TN 37133-0009
Office: 615-893-5514
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Date: April 17, 2019
To: MED Power Board
From: P.D. Mynatt, General Manager
Re: Scholarships to MTSU

Background

Each year the Electric Department offers a \$2,000 scholarship to qualifying dependent children of Full-Time MED Employees. Dependents who plan to attend MTSU this fall and wish to be considered for a scholarship were required to submit a resume showing biographical data, college year, classification, major course of study, college grade point average (if already in college) and career plans.

Recommendation

MED received three resumes for scholarship consideration. After review, we recommend awarding \$2,000 to each of the three applicants for a total of \$6,000.

Child

Brianna L. Bauman
Derek Houston
Domonique Houston

MED Employee

Jason Jones
Randy Houston
Randy Houston

A handwritten signature in black ink that reads "P.D. Mynatt".

P. D. Mynatt, General Manager



MED
Power Board
Meeting of Pension Committee
April 24, 2019, 9:30 am - 11:30 am
City Council Chambers

MINUTES and DOCUMENTS

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MINUTES

MED

Power Board

Meeting of Pension Committee

Wednesday, April 24, 2019, 9:30 am - 11:30 am

City Council Chambers

- A. Call To Order - Ross Bradley, Chair
- B. Regular Business
- C. Action Items
 - 1. Pension Disbursements for Norma Autry & Alan Ayers

**MEETING OF THE PENSION COMMITTEE OF
MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN**

February 20, 2019

The Pension Committee of the Murfreesboro Electric Department Pension Plan met on Wednesday, February 20, 2019 in the City Council Chambers at 111 West Vine Street, Murfreesboro, Tennessee.

Members Present: Ross Bradley, Chair
Rick Hardesty
Richard Stone
Irene Pitts-McDonald
Rick LaLance

Also, present were P.D. Mynatt, General Manager; Lori Williams, Secretary-Treasurer; and Adam Tucker, City Attorney.

Other MED staff members present were Philip Lim, Gena Dix, Daphnea Anderson, John Florida, Chris Barns, Brandon Allen, and Lance Jones. Also, present were Tammy Holland, Pinnacle Financial Partners.

Mr. Bradley, Chair, called the meeting to order.

Mr. Stone made a MOTION to approve the minutes of the meeting held January 23, 2019. Mr. LaLance SECONDED the motion. The motion was UNANIMOUSLY APPROVED.

Ms. Williams presented the Statement of Investment Policy for Murfreesboro Electric Department Employees' Pension Plan. The policy is structured like the Statement of Investment Policy for The City of Murfreesboro Employees' Pension Plan and has been reviewed by Mr. Tucker. A MOTION was made by Mr. Stone to approve the Statement of Investment Policy for Murfreesboro Electric Department Employees' Pension Plan. Ms. Pitts-McDonald SECONDED the motion. An ADMENDMENT was made to the motion to revise page 5: Asset Allocation – Target Asset Mix -Portfolio Diversification Guidelines – Equity Investments (b.) to state: "Direct investment in the stock of an individual

company shall not exceed 5% of the total equity allocation, provided, however, that shares held as part of a mutual fund investment shall not be included for purposes of determining compliance with this requirement". In addition, the motion was ADMENDED to present the Policy to City Council for approval, if staff deemed Council approval was required. The amended MOTION was UNANIMOUSLY APPROVED with Mr. LaLance abstaining.

Ms. Williams presented the history of the pension plan since October 1993. Also presented was the recommendation to liquidate the investments held in the Dimensional Fund Advisors (DFA) equity mutual funds due to these fund managers typically investing heavily in international funds and emerging market funds which may create violations to the current investment policy. In addition, these funds lack the flexibility and control of allocation of funds. The recommendation to liquidate the DFA funds is the discretion of the trustees and does not require approval from the Board.

There being no further business, upon MOTION by Mr. Hardesty and SECOND by Ms. Pitts-McDonald, the meeting was adjourned.

Chair

Secretary

Approved _____

**STATEMENT OF
INVESTMENT POLICY FOR**

**Murfreesboro Electric Department
Murfreesboro, Tennessee
Employees' Pension Plan**

February 2019

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DEFINITION & FUNCTION

The Murfreesboro Electric Department's Pension Plan (the "Plan") is a qualified defined benefit pension plan established and maintained by the Murfreesboro Electric Department for eligible employees in accordance with the terms, conditions, and provisions of the Plan as set forth in the Plan Document. The Plan was established and is maintained to provide retirement benefits to vested participants in the Plan at the time of their retirement from employment with the Murfreesboro Electric Department, or to their designated beneficiaries in accordance with the Plan. The Plan is currently funded entirely by contributions made by the Murfreesboro Electric Department. The Plan closed to new participants for employees hired after April 1, 2012.

The Plan specifies that the Pension Committee is responsible for overseeing the assets in the trust established by the Plan. These responsibilities include:

- Establishing the Plan's investment guidelines and asset allocation policy.
- Maintaining the Plan's actual asset allocation in accordance with these policies.
- Establishing specific Investment Manager guidelines.
- Meeting periodically to review investment results and Investment Manager performance.
- Periodically meeting with Investment Managers to review performance and conformance with this policy statement.
- Selecting, hiring, and terminating the Investment Manager and other investment and administrative services providers, including custodians and pension consultants.

The Pension Committee is charged by law with the responsibility for the prudent selection and ongoing monitoring of the investment strategies made available in the Plan. To assist the Pension Committee in this function, the Plan authorizes and permits the engagement of services of Investment Manager(s) possessing the necessary specialized research facilities and skilled manpower indicative of expertise in accordance with "prudent expert" rules under such laws as may now or in the future apply to the investments of Plan Assets.

PURPOSE

The purpose of this Statement is to provide a framework to guide the Pension Committee in carrying out its fiduciary responsibilities to the Plan, and to communicate to each Investment Manager(s) engaged by the Plan a clear understanding of the Plan's investment policies and objectives. This statement will outline an overall philosophy that is specific enough for the Investment Manager(s) to know the Pension Committee's expectations, but sufficiently flexible to allow for changing economic conditions and securities markets. The policy will provide investment guidelines for each asset class and establish benchmarks to serve as standards for evaluating investment performance. The policy will also establish the investment restrictions to be placed upon the Investment Manager(s) and will outline procedures for policy and performance review.

GENERAL INVESTMENT GUIDELINES

Performance Objectives: The Pension Committee's primary investment objective for the plan is to achieve a long-term annualized investment return, net of fees, equivalent or superior to the Plan's current Discount Rate of 7.0%.

Risk Tolerance: In pursuing its long-term performance objectives, the risk tolerance of the Plan shall be considered as moderate. Volatility of the annual returns, including losses in value, may be tolerated provided there are reasonable expectations the Plan can achieve its long-term objectives.

Eligible Asset Categories (for Plan Assets)

DOMESTIC EQUITY INVESTMENTS

- Domestic Large Cap
- Domestic Small/Mid-Cap

NON-DOMESTIC EQUITY INVESTMENTS

- International Developed Markets
- International Emerging Markets

ALTERNATIVE INVESTMENTS

FIXED INCOME INVESTMENTS

- US Corporate Bonds
- US Government & Agency Securities
- Certificate of Deposits
- International Bond Funds & Exchange Traded Funds

CASH & CASH EQUIVALENTS

Account Implementation

The Plan may invest in eligible asset categories using separately managed accounts, exchange traded funds, and/or mutual funds organized under the Investment Company Act of 1940. Managers of all separate accounts will be provided investment guidelines specific to their assignment, which shall be compliant with the Investment Guidelines contained herein. If exchange traded funds or mutual funds are used, their internal investment guidelines shall be reviewed to ensure consistency with this Investment Policy Statement.

ASSET ALLOCATION

Target Asset Mix

In order to help achieve the Performance Objectives with moderate risk (volatility), the Pension Committee shall diversify Plan assets by asset classes in accordance with a minimum and maximum range.

Portfolio Diversification Guidelines

Equity Investments

- a. Up to 60% of the Total Portfolio may be invested in common stocks;
- b. Direct investment in the stock of an individual company shall not exceed 5% of the total equity allocation, provided, however, that shares held as part of a mutual fund investment shall not be included for purposes of determining compliance with this requirement.
- c. Up to 24% of the Total Portfolio may be invested global or international stock portfolios, 8% of the 24% may be in companies headquartered in emerging countries;
- d. All equity portfolios shall be well-diversified, in accordance with the above concentration limits. Portfolios may be diversified by growth and value styles;
- e. The liquidity of individual equity investments should be no less than that for publicly issued and freely traded shares on the primary exchanges of the country in question.

Fixed Income Investments

- a. 15 years is the maximum allowable maturity of any bond.
- b. Investments in bonds of an individual issuer shall be limited to 5% of the total fixed income allocation, *except that* securities issued by the U.S. Government and Federal Agencies, primary U.S. Government-Sponsored Enterprises, other national governments, or supranational organizations, shall not be subject to this requirement.
- c. Up to 40% of the total fixed income allocation may be invested in bonds with a quality rating of "BBB "or better (at the time of purchase), as determined by established rating agencies
- d. Up to 15% of the Total Portfolio may be invested in international or global bond mutual funds or exchange traded funds.

Rebalancing: Asset classes typically achieve very different investment returns over short time periods. This results in shifts of the Plan's actual asset mix away from the target mix. In order to effectively maintain the benefits of diversification, while also containing transaction costs, the Pension Committee shall review the Plan's actual asset allocation percentages on a regular basis for possible rebalancing. The allocation review may be done with the assistance of the pension consultant, who may propose rebalancing recommendations that meet the goals of the Target Mix.

A set of Minimum and Maximum Allocations have been established (see Appendix A).

RESPONSIBILITIES OF THE INVESTMENT MANAGER(S)

The investment policies and restrictions presented in this Statement shall serve as a framework to help each Investment Manager achieve its performance objective(s) subject to a level of risk deemed acceptable. These policies and restrictions are designed to minimize interfering with each manager's efforts to attain overall objectives, and to afford them substantial discretion in the diversification of the assets under their care.

Investments will be made for the sole interest and exclusive purpose of providing the maximum return within the constraints described herein. The assets must be invested with the care, skill and diligence that a prudent expert acting in this capacity would undertake. All investments will be made within the guidelines of quality, marketability and diversification mandated by controlling statutes.

Each Investment Manager is expected to vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Plan set forth herein. Each manager shall keep detailed records of their voting of proxies and related actions and will comply with all regulatory obligations related hereto. Since transaction costs represent a direct reduction of current asset value, and may adversely affect the Plan's performance, each manager shall maintain turnover rates at the lowest level consistent with successful implementation of their strategy.

MONITORING INVESTMENT RESULTS

The Pension Committee recognizes that market conditions greatly bear upon the ability of each manager to meet year-to-year specific investment goals and objectives. Accordingly, while the Pension Committee will monitor intermediate progress toward objectives on a periodic basis, most weight shall be accorded to both absolute and relative performance over rolling 3-year periods (as available).

Each manager's absolute results help determine progress toward meeting the primary objective, while relative results provide the Pension Committee with insight to advisor performance compared to appropriate market benchmarks.

The Investment Manager shall be available to meet annually with the Pension Committee or its pension consultant to discuss capital market conditions, current portfolio management strategy, factors affecting investment performance, and other matters of mutual interest. The manager is expected to actively keep the Pension Committee informed of any significant changes in its personnel, organizational structure, investment strategy or other developments related to its ability to serve as manager for the Plan.

CHANGES TO THIS POLICY

Policy guidelines will be determined from time to time by the Pension Committee, after considering advice and recommendations of the pension consultant, Investment Manager(s), and others. Specific investment goals stated herein shall be reviewed periodically by the Pension Committee and, when appropriate, new goals and standards shall be adopted. All modifications of policy guidelines shall be in writing.

This Investment Policy will remain in effect until modified by the Pension Committee. It shall be formally reviewed annually by the Pension Committee.

APPENDIX A
As a Percentage of Pension Plan Assets

ASSET CLASS	Target Range
Domestic, Large Cap Equity	20-60%
Domestic, Mid & Small Cap Equity	0-25%
International Equity	0-24%
<ul style="list-style-type: none"> • Developed Markets 0-24% • Emerging Markets 0-8% 	
Total Fixed Income Portfolio	30-55%
<ul style="list-style-type: none"> • U.S. Corporate Bonds 0-40% • U.S. Treasury and Govt Agencies 0-25% • Certificates of Deposit 0-25% • International Bond Funds 0-15% 	
Alternative Assets	0-20%
Cash Equivalents	0-10%



MEMORANDUM

To: MED Pension Committee

Date: April 24, 2019

Subject: To Approve Pension Disbursements for Retirees – Norma Autry and Alan Ayers

Background:

Norma Autry has worked with Murfreesboro Electric for twenty-one years since 6/22/1998 when she started as a Customer Accounting Specialist and is retiring as a Customer Service Representative II. Ms. Autry's last day working will be 5/22/19 and will run out her leave until November 2019 for full retirement.

Alan Ayers has worked with Murfreesboro Electric for forty-two years since 10/13/1977, when he started as Meter Reader, then continued to progress as a Groundman, Apprentice Lineman, Journeyman Lineman, 1st Shift Serviceman, and is retiring as 2nd Shift Serviceman. Mr. Ayers' last day working will be 4/19/19 and will run out his leave until December 2019 for full retirement.

Recommendation:

To approve the pension disbursements for Ms. Norma Autry effective November 2019 and Mr. Alan Ayers for January 2020.

Submitted by: Lori Williams
Lori Williams, Chief Financial Officer

Date: 4-11-2019

Approved by: P.D. Mynatt
P.D. Mynatt, General Manager

Date: 4/11/2019